

[Andersen] noted that there were no (desktop) computers in any of the classrooms visited at either school. Consequently, due to the lack of classroom computers, we ascertained that the PRDOE was not able (as of the date of our site visit) to fully meet the educational objectives (and training requirements) for which E-rate funding had been provided.

The schools that Andersen visited were Bella Vista Elementary School and Dr. Jose M. Lazaro Senior High School. Discounted equipment had been installed at both schools.

USAC is very concerned regarding this finding. Not only did we commit \$46.2 million to PRDOE For Funding Year 1, we also committed \$56.9 million for Funding Year 2 (July 1, 1999, through June 30, 2000), and \$55.6 million for Funding Year 3 (July 1, 2000, through June 30, 2001). PRDOE has Funding Year 4 requests totaling over \$40 million pending with SLD.

In light of USAC's concerns, PRDOE must provide additional information concerning its ability to use Schools and Libraries Support Mechanism funding. Before USAC will commit any additional funding to PRDOE, and before USAC can decide whether we should seek recovery of some of the funds that have been disbursed, we must determine whether the PRDOE has been meeting its responsibility to make effective use of the services for which we have been providing discounts.

To that end, USAC requests a response within 30 days of the date of this letter with detailed information about the acquisition of computers to make use of the connections for which we provided discounts. Please provide specific information about the computer acquisitions. Please provide a list of the schools where equipment has been installed and include the date of the equipment installation. Please also indicate, by school, whether, how many, and when computers were installed to make use of the resulting service.

Furthermore, given this audit finding, we are concerned that you may not have the other necessary resources referenced above. If there are no computers, we are concerned that you may not have secured access to sufficient software, or that you may not have trained your teachers. We are also concerned that you may have not secured access to sufficient maintenance or that you may not have upgraded your electrical connections in these and other schools. Therefore, please also provide us specific and detailed information about your investments in productivity and curriculum software; your progress in delivering professional development to ensure that educators know how to use these new technologies to improve education; your resources to maintain computers and peripherals, and your evaluation of, and any necessary upgrades to, the electrical systems in your schools.

Cesar A. Rey Hernandez

December 5, 2001

Page 3

Because of USAC's significant concerns regarding this matter, USAC will neither commit nor disburse Schools and Libraries Support Mechanism funding to PRDOE's vendors until it has received and evaluated PRDOE's response to this letter. If you have any questions about this request for information, please contact me at 202-776-0200.

Thank you in advance for your cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read "George McDonald". The signature is stylized with a large, looped "G" and a cursive "McDonald".

George McDonald
USAC Vice President, SLD

cc: Mark Seifert, Common Carrier Bureau, FCC

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF EDUCATION

César A. Rey Hernández, Ph.D.
Secretary

Letter to Atty. Jane E. Mago, General Counsel
to the Federal Communications Commission

January 30, 2003

EXHIBIT III

- January 23, 2002 response of Secretary César A. Rey to USAC's December 5, 2001 request for information, with attachment, consisting of final form of report used on January 15, 2002 for PRDOE's presentation to USAC.



Estado Libre Asociado de Puerto Rico

DEPARTAMENTO DE EDUCACIÓN

César A. Rey Hernández, Ph.D.
Secretario

January 23, 2002

Mr. George McDonald
USAC Vice President, SLD
2120 L Street, N.W., Suite 600,
Washington, D.C. 20037

Dear Mr. McDonald:

I acknowledge receipt of your letter dated December 5, 2001, received at the Department, by mail, on December 17, 2001, and brought to my attention after the Christmas recess, on January 8, 2002.

I apologize for the delay in responding, but as I am sure my representatives explained to you in person, although the Department's administrative offices were working throughout the Holidays, the mail center only had a skeleton crew during the recess, and there was a considerable delay processing correspondence, including your letter. However, so as to convey the importance I gave to the communication, I immediately ordered that a personal visit be coordinated with you and your staff, which visit took place on January 15, 2002.

I understand that a full presentation was done to you, and representatives from the OIG and the FCC, during the meeting, and a candid and full exchange of concerns, solutions and plans took place then.

I would like, none the less, to formally respond to your letter, and stress the steps this new administration has undertaken to successfully culminate this important project for our public school children.

As the report which served as a basis for the presentation-- and which I enclose in its final form with this letter-- reflects, the Department and the Government have committed substantial resources to this project. The approximately 300 million dollars that the report reflects are devoted to the "Red Educate" have already being allocated and are available to the Department within 24 hours notice to the trustees of the funds (mainly, the Puerto Rico Government Development Bank and Paine Weber). Recovery and systematic development plans have been approved, and bidding processes have been conducted according to law, bids awarded, and over 100 laboratories are being installed as I write

this letter. All of the above may be subjected to audit procedures, if you so wish, and I reiterate the invitation to visit Puerto Rico and see for yourself the program in progress at the schools where the laboratories have already been established.

Furthermore, please be advised that contractors who have failed to provide the services adequately have been advised that they need to provide those services and repair those installations which were not adequately made, or else they may be facing legal actions for non-compliance with contractual terms and/or false representations to USAC and the Department as to job completion for purposes of collecting under their contracts.

I trust that the above information, together with the detailed report enclosed, and the presentation made to you on January 15th convinces you that we are truly committed to this project, and very willing to partner with you to make it a success for the benefit of public school children in Puerto Rico.

Should you need any additional information, please do not hesitate to contact me.

Sincerely,

César A. Rey Hernández, Ph.D.
Secretary



**Puerto Rico Department of Education (PRDOE)
Status of the school network (ERate funded) project
January 18, 2002**

Puerto Rico Department of Education (PRDOE)
Status of the school network (ERate funded) project
January 18, 2002

Background

On Jan 2, 2001 a new administration took charge of the Puerto Rico Government. As part of this new administration, on Jan 7, 2001 Dr. César Rey-Hernandez was appointed Secretary of Education by the Governor of Puerto Rico.

One of the first challenges faced by the new secretary was filing the ERate funding application for year 4, which was due on January 18, 2001. We only had about ten calendar days to evaluate the proposals and to file the application. The previous administration filed Form 470 and received the corresponding proposals.

Due to the short period of time available to analyze the proposals, we decided to use the following approaches to apply for funds:

- Finish tasks already started
- Provide maintenance to the already installed equipment
- Pay rent for communication lines already installed
- Pay internet access already contracted

We avoided initiating new tasks or changing the technological approaches of the project until the pending tasks were completed, the whole project was evaluated, tests were performed and the real status of the project was determined.

Brief project description

PRDOE is developing an island wide network to provide communications and Internet service to about 1540 schools in Puerto Rico, covering all municipalities and two additional islands (Vieques and Culebra). The project started in 1998-99 (year 1) with 760 schools, when funds were provided for communication lines, communications equipment and internal connections. In 1999-00 (year 2) funds were provided for communication lines, communications equipment and internal connections for 780 additional schools. Two servers per school were also funded, for a total of 1560. In 2000-01 (year 3) funds were provided for about 100 additional schools not completed in previous phases, and 4600 additional servers. For 2001-02 (year 4, first year under our control) PRDOE applied for completing the installation of communication facilities for about 200 schools pending from previous phases. As we said before, we decided not to initiate new tasks until we could determine the real status of the project.

Preliminary evaluation

Very soon we realized that evaluating the project in detail was going to take a long time due, among other reasons, to its huge magnitude. As we said before, this project includes more than 1500 schools throughout all municipalities in Puerto Rico, as well as two additional islands (Vieques and Culebra). Therefore, we decided to divide the evaluation in two parts: a preliminary evaluation and a detailed evaluation. From the preliminary evaluation we discovered the following:

1. **Status of the project.** The status of each school regarding internal cabling, communication lines, servers, physical facilities and electricity was unknown. No reliable documentation was available regarding the status of the project in each school and overall. The network was divided in two segments which couldn't communicate between them.
2. **Infrastructure needed at PRDOE central offices.** The server and communications infrastructure required at the central offices to properly utilize the school network was inappropriate. The PRDOE internal local area network (LAN) needed to be completely rebuilt so as to provide the maintenance and support services necessary to properly use the school network.
3. **Network design.** We didn't find any document with the design of the network nor documentation regarding how it was going to be administered, security measures, data volumes, costs estimates and approaches to provide management and support.
4. **Approach to manage the network.** No approach to manage the network was defined, nor the tools and people to be used for this task.¹ Properly managing this network is a very important task, both because of its huge magnitude and the wide geographical area it covers. It is impossible to travel to each school in order to fix problems and/or provide support. Even though a training for network managers was started, it is not realistic to develop through trainings (nor to hire and retain) more than 1500 network managers. On the other hand, the capacity of the servers was too low to implement approaches to support centralized management and support.
5. **Electrical and security infrastructure.** Many of our schools have electrical deficiencies and security problems. Electricity is not enough to properly use computers and many schools don't have security bars to protect the equipment

¹ By managing the network we mean managing security, installing new versions of programs, troubleshooting, updating drivers, etc.

from thieves. Many million dollars are needed to provide adequate electricity and security to each room in each school.

6. **Multiyear contracts and procurement process.** One of the contracts inherited from the previous administration for Internet service is a multiyear contract. Besides, local bidding procedures were not followed when choosing vendors.
7. **Purchase of computers.** A bid to purchase about 100,000 computers was conducted by the previous administration. This bid was successfully protested by some vendors. The final decision was issued by the Appeals Court on March 2001.

Main strategy

After the preliminary evaluation, and after the final decision from the Appeals Court was received, we decided to take control of the project attacking it from three sides at the same time, and following an integrated approach:

- **At the center.** Perform a detailed evaluation of the school network using a private consultant. Design and test an approach to provide administration and support to the school network. Perform an analysis of the legal, regulatory and financial aspects of ERate funding.
- **At the school side.** Provide computers to schools using laboratories and taking into consideration the electrical and security conditions in each school. Design and implement a teacher training program. Design and implement a program to start using technology in the classroom. Implement a school repair program. Allocate funds for computer software.
- **At PRDOE side.** Design and implement a new LAN infrastructure, and a new server infrastructure, for the central office buildings. Establish a Help Desk unit to provide support.

By following this approach we are attacking the project in an integrated way, taking all important aspects into consideration, not just the installation of computer and communications equipment. This way we expect to obtain more valuable results in a faster way than if we just wait until the whole project is evaluated in detail. Also, this approach allows us to pilot test several additional technology projects which are necessary complements to the school network project.

Detailed evaluation

We decided to perform a more thorough evaluation, including visiting schools and performing communication tests. We contracted a private consultant to perform the evaluation. Unfortunately, we had to wait until the new fiscal year due to a budget deficit.² On July 2001 the consultant was hired and the evaluation process started.

On September 2001, the consultant presented his report on the status of the school network. Some of the findings are:

1. More than 50% of the communication lines from a sample of 100 schools were not installed, not activated or out of service.
2. Servers and communication equipment were installed in inappropriate areas (that get wet when it rains or that are too small). Electrical installations for servers and communications equipment are not adequate or do not exist.
3. Central office infrastructure needed to provide support to the network is not appropriate.
4. No project plans were prepared, nor evaluation of vendor performance. was done
5. Multiyear contracts were signed.
6. No RFPs were prepared to guide vendors in preparing proposals.
7. Ineffective technical trainings were provided (ex: 12 weeks in a row of Microsoft trainings to non technical people).
8. Many school directors didn't know about the project, therefore their identification level with the project is very low or inexistent.

Based on the findings on this report we requested accountability from vendors in order to solve the problems we found. We also decided to extend the detailed test to the remaining 1400 schools. Our local Office of Management and Budget will be providing resources to perform this test in a short period of time by the beginning of February.

It is important to notice that when we started the evaluation only two schools were connected to the Internet. As of today 216 are connected, which represents a big improvement.

²

The budget deficit that we inherited at PRDOE was about 205 million dollars, which represents about 13% of our total budget. As a result, all contracts were frozen by the Governor.

Approach to provide administration and support to the school network

An approach to manage servers and workstations from PRDOE central offices using Microsoft Active Directory was designed and tested. We involved Microsoft consultants in this process. So far test results have supported the implementation of this approach. Through this approach many administration tasks like software distribution, troubleshooting of problems and security implementation will be done from a central location, minimizing the need to travel to each school and the required skill level of school personnel.

We believe that the only reasonable contribution that can be expected from people at schools is to support teachers in functional and operational aspects. Network management tasks have to be minimized through a proper network design and, the ones that cannot be eliminated, will have to be performed mostly from a central location.

Provide computers to schools

We designed two different types of school laboratories, taking into consideration the status of the electrical infrastructure, the security exposure of the school and the availability of classrooms to be dedicated to laboratories. We already conducted a bid for 100 computer laboratories to be installed in our schools. Some of these laboratories are fixed and some are mobile. The fixed ones have 26 desktop computers, two printers and a server. They also include all electrical requirements, as well as air conditioning and security bars (for windows and doors). The mobile laboratories consist of a cart with 26 laptops, a printer and a server. The cart has very low electrical requirements. Only one regular 20 ampere outlet is required. It can be moved to any room during academic hours and, during the night, it can be stored in a secured place. Both laboratories also include audiovisual equipment.

Vendors were required to provide the electrical and security infrastructure, together with the necessary hardware, software and communications products. Vendors were also required to communicate the laboratories with the school (ERate funded) network.³ When servers and computers boot up, they display the PRDOE logo and a message stating that the equipment belongs to the Puerto Rico Department of Education. As you can see, this way we are not only taking care of the need for computers, but also the electrical and the security requirements.

These 100 laboratories constitute a pilot test for our computer and infrastructure approaches. The total cost is about eight million dollars. We already delivered 42 of these laboratories to schools. We have allocated \$115,500,000 dollars from the Children's Trust Fund to purchase additional laboratories for 1,500 schools (see appendix 1). Besides, we have allocated 11 million dollars from the QZAB funds for additional specialized laboratories (CAT),

³ We want to clarify that the laboratory approach is more economically feasible at this moment due to the huge investment required to provide each room at each school with the proper electrical, security and hardware requirements. The laboratory approach we are following is in agreement with our technology plan and it does not exclude installing computers in each classroom when it becomes feasible, both from the economic and security standpoints.

which will also be connected to the school network (see appendix 2). Additional 4.6 million dollars were allocated from a federal competitive proposal for technology acquisition (see appendix 3)

We are using a fully turn key solution approach for technology acquisition. This approach includes hardware, software, communications, electricity, security and furniture (when it applies).

Train teachers in the use of technology

We did a survey to identify training needs among school teachers. Questionnaires were distributed to 46,311 teachers. We received 44,045 responses, which represents a 95.11% response rate. Some of the findings are:

1. 75% indicated their knowledge about computers is low.
2. 84% indicated their knowledge about software packages like Word, Power Point and Excel is very low.
3. 83% indicated their use of computers in administrative tasks is very low.
4. 80% indicated they use computers in their classes very few times.
5. 82% indicated their use of computers to produce materials for their classes is very little.
6. 79% indicated they don't use computers regularly to search for supporting material (Internet, encyclopedias, dictionaries).
7. 83% indicated their use of the computer in an integrated way in the classroom is very little.
8. 78% indicated they do not consider the computer a tool for their professional development.

The training efforts conducted in the past apparently were not effective. As a result, we designed and started to implement trainings tailored to these specific needs and **oriented towards deliverables**⁴. We started the trainings last summer and so far we have trained 12,498 teachers. Training projects will continue in this and the following semesters. We have already made QZAB fund commitments for 22 million dollars for trainings (see appendix 2).

⁴ By "deliverables" we mean the products that a teacher usually needs to do his job, like a course outline, a course conference or an exam.

Microsoft is our private partner for the QZAB funds. They have committed to provide about 9 million dollars in software, training and services.

Initiate academic projects using computers

We believe that in order to make good use of computers it is not enough to install computers in schools and to train teachers. We have to conduct specific academic projects. We already started a project called "Escuelas de Iniciativa" in which teachers are trained, coordinated and supervised to use computers in their classrooms. This is a complete academic project including training, support from expert professionals and assessment. It is being conducted in 31 schools as a pilot project. After we finish the pilot, the project will be reviewed and deployed to other schools.

We have allocated QZAB funds for about 32.4 million dollars for specific academic projects (see appendix 2).

Implement a school repair project

A school repair project was implemented in order to prepare schools for the August 2001 semester ("Proyecto 1000"). About 80 million dollars were spent repairing physical facilities and electrical facilities. Other projects to repair electrical facilities and install window bars are planned using Children's Trust Funds, as can be seen in appendix 1. The total amount allocated is approximately 3.2 million dollars. From QZAB funds a total of 31 million dollars have been allocated to capital improvements (physical infrastructure).

Allocate funds for computer software

The previous administration made an agreement with Microsoft to get 60,000 licenses for several software packages, like Office, Encarta, Atlas, Publisher, and others. The contract included trainings and consulting services. As of January, no payments had been made for this contract (which amounts to 25 million dollars). We already made the first payment, for approximately 10 million dollars. We have allocated 20 million dollars from the Children's Trust Funds to purchase academic software (see appendix 1).

Improve central office infrastructure

When we analyzed the computer and communications infrastructure at PRDOE's central office, we realized that it was far away from the infrastructure required to support the academic and administrative projects being conducted. The cabling had been installed by non qualified internal personnel, without being certified nor following any industry standards. Almost daily a segment of the network was down. The capacity of the servers was too low and response time

was several minutes in many cases. Different types of communication devices were used (hubs, switches, bridges), causing data traffic bottlenecks.

We already conducted a bidding process to rebuild the local area network in our central offices. The project is planned to start by the third week of January and should be ready by the end of March 2002. This is a 1.2 million dollar project which will provide PRDOE with the communications infrastructure needed to provide the necessary administration and support services for the school network and other academic and administrative projects. Funds will be provided by the Children's Trust Fund (see appendix 1).

We are preparing a Request for proposal (RFP) to purchase a server farm capable of properly handling the workload of academic and administrative systems. We will be issuing the RFP by the end of January. Some of these servers will be used for the Active Directory. Total investment is expected to be about one million dollars. Funds will also be provided by the Children's Trust Fund (see appendix 1).

Help Desk support

We have recruited 13 additional persons to increase and improve Help Desk services. We have trained them to provide support to the laboratories we are already installing. Twenty four technicians were trained in Help Desk procedures and Help Desk tasks. Three technicians were trained on mobile laboratories. On line trainings are available for Office 2000, Office XP and Windows 2000 (see appendix 4).

We will continue training and hiring additional people as needed.

Final remarks

As you can see from this writing, we have been working very hard in a planned and structured way to analyze what was done in this project by the previous administration and to take the corresponding corrective actions to make this project feasible. We believe that we have focused every important aspect of the project, including network administration, support and maintenance, school equipment, school infrastructure, central office infrastructure, teacher training, academic projects and Help Desk support. We are committed to continue supporting this project by installing computers at the schools, training teachers, developing academic projects and making sure vendors do their corresponding part. A total of 331.5 million dollars in funds have been allocated from the Children's Trust Fund, from QZAB bonds and from one federal proposal on technology acquisition.

The recovery plan we started is already producing results. But we definitely need ERate funding and ERate support. Making a pause in this project, even if it is temporary, would be detrimental to its success.

Appendix 1
Children's Trust Fund Allocation

Brown & Wood LLP

Unjos 1 y 2
Exhibit B

Computation of Economic Life

Children's Trust
Tobacco Securitization
Issue Date

11/15/00

Asset	Placed In Service ₁	Economic Life ₂	120% Adjustment ₃	Placed In Service Adjustment ₄	Adjusted Economic Life ₅	Bond Financed Cost ₆	Weighted Cost ₇
REVISED DEPT. OF EDC. PROJECT							
✓ LAN Comm. Equip. - Central Offices	8/1/01	5.00	6.00	0.7096	6.7096	✓ 600,000.00	4,025,753.42
✓ LAN Cabling - Central Offices	8/1/01	10.00	12.00	0.7096	12.7096	✓ 600,000.00	7,625,753.42
✓ LAN Servers and PCs - Central Offices	8/1/01	5.00	6.00	0.7945	6.7945	✓ 1,000,000.00	6,784,520.55
LAN Comm. Equip. - Regional Offices	1/1/02	5.00	6.00	1.1288	7.1288	300,000.00	2,138,630.14
LAN Cabling - Regional Offices	1/1/02	10.00	12.00	1.1288	13.1288	200,000.00	2,625,753.42
LAN Servers and PCs - Reg. Offices	1/1/02	5.00	6.00	1.1288	7.1288	250,000.00	1,782,191.78
LAN Comm. Equip. - Student Lunch Prog	8/1/01	5.00	6.00	0.7096	6.7096	700,000.00	4,698,712.33
LAN Cabling - Student Lunch Prog.	8/1/01	10.00	12.00	0.7096	12.7096	400,000.00	5,083,835.62
LAN Servers and PCs - Student Lunch Pr.	8/1/01	5.00	6.00	0.7945	6.7945	550,000.00	3,736,986.30
✓ Comp. Lab for each of 1540 of Schools	8/1/01	5.00	6.00	0.7096	6.7096	✓ 115,500,000.00	774,957,534.25
✓ Academic Software	8/1/01	5.00	6.00	0.7096	6.7096	✓ 20,000,000.00	134,191,780.82
✓ Laptop Computers	8/1/01	5.00	6.00	0.7096	6.7096	✓ 10,000,000.00	67,095,890.41
✓ Comp. Lab for Tech. Career Exptltn	8/1/01	5.00	6.00	0.7096	6.7096	✓ 8,400,000.00	56,380,547.95
Hum. Res. & Student Lunch Software	7/1/01	5.00	6.00	0.6247	6.6247	5,000,000.00	33,123,287.67
✓ Microsoft License/Contract	1/15/01	4.00	4.80	0.1671	4.9671	✓ 25,000,000.00	124,178,082.19
School Renovation Program							
Enlargement of Dining Room/Cafeteria	1/15/01	30.00	36.00	0.1671	36.1671	678,700.00	24,546,626.58
Bathrooms in Special Ed Classroom	1/15/01	30.00	36.00	0.1671	36.1671	1,371,600.00	49,606,626.30
Const. of Storage Rooms	1/15/01	30.00	36.00	0.1671	36.1671	388,016.50	13,961,106.35
Const. of Bathrooms	1/15/01	30.00	36.00	0.1671	36.1671	2,778,254.07	100,481,457.47
Const. of Parking Spaces	1/15/01	30.00	36.00	0.1671	36.1671	90,650.00	3,278,549.73
Const. of Offices	1/15/01	30.00	36.00	0.1671	36.1671	4,824,450.00	174,486,477.95
✓ Const. of Electrical Sub-Station	1/15/01	20.00	24.00	0.1671	24.1671	✓ 3,081,000.00	73,975,564.38
Const. of 20 Reservoir Tanks	1/15/01	30.00	36.00	0.1671	36.1671	1,500,000.00	54,250,684.93
Const. of Ceilings for Sports Fields	1/15/01	30.00	36.00	0.1671	36.1671	3,080,099.00	111,398,320.27
Const. of Enclosed Sports Field	1/15/01	30.00	36.00	0.1671	36.1671	709,700.00	25,667,807.40
Const. of Multi-Use Court/Field	1/15/01	30.00	36.00	0.1671	36.1671	503,500.00	18,210,146.58
Const. of Basketball Court	1/15/01	30.00	36.00	0.1671	36.1671	298,000.00	10,777,802.74
Const. of Grease Traps/Gutters	1/15/01	10.00	12.00	0.1671	12.1671	25,375.00	308,740.75
Const. of Fence	1/15/01	30.00	36.00	0.1671	36.1671	18,400.00	665,475.07
Const. and Installation of Ceilings	1/15/01	30.00	36.00	0.1671	36.1671	190,151.31	6,877,225.87
✓ Const. and Installation of Window Bars	1/15/01	10.00	12.00	0.1671	12.1671	✓ 164,859.30	2,005,863.43
Removal of Archit. Barriers/Fences	1/15/01	30.00	36.00	0.1671	36.1671	7,000.00	253,169.86
Staircases	1/15/01	30.00	36.00	0.1671	36.1671	421,000.00	15,226,358.90
Traffic Circles	1/15/01	30.00	36.00	0.1671	36.1671	138,000.00	4,991,063.01

NYLIB19139417

Appendix 2
QZAB Funds Allocation

PRDOE QZAB Funds Allocation

Curriculum development	32,400,000
Technology training	22,000,000
Technology projects (CAT)	11,000,000
Capital improvements (physical infrastructure)	31,000,000
Total	96,400,000

CERTIFICATION

I, Cesar A. Rey Hernández, Secretary of the Department of Education of the Commonwealth of Puerto Rico (the "Department"), HEREBY CERTIFY as follows:

1. That I have determined that each of the schools in the public school system of the Commonwealth of Puerto Rico administered by the Department (the "Public School System") qualifies as a "qualified zone academy" for purposes of Section 1397E of the United States Internal Revenue Code of 1956 as amended (the "Code"), by virtue that there is a reasonable expectation that, as of the date of issuance of the bonds described in paragraph 3 below, at least 35% of the students in each of the schools in the Public School System will be eligible for free or reduced-cost lunches established under the National School Lunch Act;


2. That based on such determination, I hereby designate each of the schools listed on Exhibit A hereto as a "qualified zone academy" for purposes of the Code (each an "Academy");

3. That I make this Certification in connection with the proposed issuance by Puerto Rico Public Finance Corporation (the "Corporation") of its \$96,835,000 Series 2001 Bonds (Qualified Zone Academy Bonds) (the "Bonds") within the meaning of Section 1397E of the Code for the purpose of providing funds to pay the costs of (a) the rehabilitation and repair of the buildings and other facilities of some or all of the Academies, (b) the development and implementation of new academic curricula for some or all of the Academies, (c) technology training for some or all of the Academies (collectively, the "Project"), and (d) the costs of issuance of the Bonds;

4. That a portion of the capital expenditures with respect to the Project may be reimbursed to the Department with proceeds of the Bonds; and

5. That the Department reasonably expects to receive certain Qualified Contributions, as defined in Section 1387E(d)(2)(B) of the Code, a portion of which may be received before the issuance of the Bonds by the Corporation and which the Department intends to treat as satisfying all or a portion of the private business contribution requirement with respect to the Bonds.

In San Juan, Puerto Rico, this 28 day of November, 2001.



Cesar A. Rey Hernández
Secretary
Department of Education
Commonwealth of Puerto Rico

Appendix 3
Federal Competitive Proposal for Technology Acquisition




Estado Libre Asociado de Puerto Rico
DEPARTAMENTO DE EDUCACIÓN

OFICINA ASUNTOS FEDERALES

JAN 22 2002

Sr. José Santana
Ayudante Especial
Asuntos Tecnológicos



Eileen Loiz Reyes, Lcda.
Directora

FONDOS APROBADOS PARA EL PROGRAMA "SCHOOL RENOVATION, IDEA AND TECHNOLOGY GRANT"

El programa de "School Renovation, IDEA and Technology Grant" provee fondos para que las escuelas públicas desarrollen propuestas competitivas en las siguientes áreas: renovación y reparación de escuelas, realización de actividades autorizadas bajo la Parte B - "Individuals with Disabilities Education Act" (IDEA); y para el desarrollo de proyectos de tecnología relacionados con la renovación.

De los fondos asignados al programa antes mencionado, se separó el 12.5% de los fondos para distribuirse entre los proyectos de las escuelas relacionados con la tecnología de conformidad con las disposiciones de la Ley. La cantidad que corresponde para el desarrollo de dichos proyectos asciende a \$4,646,429.00.

A tales efectos, durante el mes de noviembre de 2001, se publicó un aviso para informar la disponibilidad de los fondos. (Ver Anejo I). Asimismo, durante los días 3, 4, 5, 6 y 10 de diciembre de 2001, y 18 y 19 de enero de 2002, se ofrecieron las orientaciones de cómo solicitar los fondos. Se acompaña esta evidencia. (Ver Anejo II).

De necesitar información adicional, estamos en la mejor disposición de proveerla se puede comunicar con el personal de la Unidad de Propuestas al número de teléfono 759-8910, a las extensiones 206 y 207.

ELR/ept

Anejos: (I) Aviso de prensa
(II) Hojas de Asistencia de las Orientaciones

DRAFT

ESTADO LIBRE ASOCIADO DE PUERTO RICO
DEPARTAMENTO DE EDUCACIÓN

AVISO

Oficina de Asuntos Federales Solicita Comentarios Públicos sobre la implantación del Programa *School Renovation, IDEA and Techonolgy Grants*

El Departamento de Educación recibió una asignación de fondos bajo el Programa *School Renovation, IDEA and Technology*. El propósito de estos fondos es el desarrollo e implantación de proyectos de reparación y renovación de escuelas; servicios a niños con necesidades especiales, incluyendo la adquisición de equipo tecnológico asistivo, y la adquisición e instalación de tecnología relacionada a la renovación de los edificios escolares.

En cumplimiento con las normas aplicables al programa el Departamento de Educación le provee a los padres, educadores y todos los demás miembros interesados de la comunidad la oportunidad de someter comentarios en el uso de los fondos recibidos bajo el Programa Federal *School Renovation, IDEA and Technology*. Los comentarios ayudarán al Departamento a delinear con precisión la otorgación y utilización de los fondos.

El Departamento distribuirá estos fondos en forma competitiva a las escuelas públicas que cualifiquen con los requisitos y propósitos del programa.

Favor de enviar sus comentarios no más tarde del 25 de febrero de 2002. Los mismos deben dirigirse a la Lcda. Eileen Loiz Reyes, Directora, Oficina de Asuntos Federales, Departamento de Educación, utilizando uno de los métodos siguientes:

1. Internet – a la siguiente dirección: Loiz E@de.gobierno.pr. Debe utilizar el término *School Renovation, IDEA and Technology* en la línea del asunto de su mensaje electrónico.
2. Fax – también puede someter sus comentarios por fax al (787) 751-6192
3. Por correo – dirigido a la Lcda. Eileen Loiz Reyes, Directora, Oficina de Asuntos Federales, Departamento de Educación, P. O. Box 190759, San Juan, Puerto Rico 00919-0759

Para información adicional se puede comunicar con la Lcda. Eileen Loiz Reyes, Oficina de Asuntos Federales Departamento de Educación, P. O. Box 190759, San Juan, Puerto Rico 00919-0759. Teléfono 787-759-8910 extensiones 203 ó 303.

A fin de que puedan conocer el propósito del Programa y como el Departamento planifica otorgar los fondos, la Ley de *School Renovation, IDEA, and Technology*; la Guía Informativa sobre los fondos del Programa y el Formato para la redacción de las propuestas estarán disponibles para ser revisados en las Oficinas de las Regiones Educativas, en la Secretaría de Servicios Integrales para Personas con Impedimentos y la Oficina de Asuntos Federales a partir del 25 de enero de 2002.

César A. Rey Hernández, Ph. D.
Secretario

El Departamento de Educación no discrimina por razón de raza, color, sexo, nacimiento, origen nacional, ideas políticas o religiosas, edad o impedimento en sus actividades, servicios educativos y oportunidades de empleo.

Appendix 4
On line trainings available